

***United States Court of Appeals
for the Second Circuit***



**APPELLANT'S
REPLY BRIEF**

75-7604

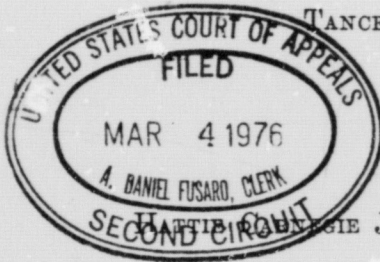
United States Court of Appeals

FOR THE SECOND CIRCUIT

CAPRI JEWELRY INCORPORATED and
TANCER & TWO, INC.,

Plaintiffs-Appellees,

v.



HATTIE COHEN JEWELRY ENTERPRISES, LTD.,

Defendant-Appellant,

and

BILL G. JAMES,

Defendant.

REPLY BRIEF FOR DEFENDANT-APPELLANT

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TANCER & TWO, INC.,

Plaintiffs-Appellees,

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HATTIE CARNEGIE JEWELRY ENTERPRISES, LTD.,

Defendant-Appellant,

and

BILL G. JAMES,

Defendant.

REPLY BRIEF FOR DEFENDANT-APPELLANT

Appellees' lengthy brief is an exercise in avoidance of the issues presented for review, based apparently on the theory that—since we can't stand up to 'em face-to-face, we can sure dazzle 'em with our footwork—. The thrust of appellees' brief is entirely diversionary in that it seeks to recast both the issues and purported "facts" in a form that not only beclouds the erroneous actions of the Court below but also provides a basis for argumentative, but equally erroneous, attempted justification therefor.

For convenience, we will follow appellees' order of presentation.¹ Appellees will hereinafter be identified as "plaintiffs" or as "Capri-Tancer" and references to their brief will be cited (Pl. C-T Br.).

¹ Emphasis throughout will be ours unless otherwise noted.

I. Plaintiffs' Restatement of the Issues Presented for Review (Pl. C-T Br. 1-2).

The diversionary tenor of plaintiffs' brief is initiated by their radical reconstruction of the issues presented by appellant and in which—

1) Question 1 is converted to make Hattie Carnegie's assertedly unfair competitive acts and inequitable course of conduct and plaintiffs' ultimate right to possible damages and injunctive relief for unfair competition the cardinal point in issue—*rather than the Court's basic lack of jurisdiction to resolve the patent infringement issue in a summary proceeding in the absence of the patentee-patent owner; and*

2) Question 2 is converted into an issue purportedly resolved on contested facts, *rather than one posing a basic question of law involving constructional criteria applicable to a determination of claim scope in the absence of any prior art other than that considered by the Patent Office; and*

3) Question 3 is converted into an issue concerning technical compliance with a procedural rule as to one incident in a series of events, *rather than one of a course of judicial conduct whose net effect was a denial of due process.*

II. The Background of the Decision Below and Plaintiffs' Restatement of the Case and "Relevant" Facts (Pl. C-T Br. 5-7, 8-18).

Included within plaintiffs' presentation are certain points exposed *for the first time*, that clarify what happened below.

We now find out how the Court obtained a copy of the patent in suit and its Patent Office file wrapper for *ex parte* consideration prior to trial. As plaintiffs now admit, such documentary exhibits were delivered to the Court along with plaintiffs' Proposed Findings and Conclusions on October 21, 1975, pursuant to a so-called "standing Order of District Judge William C. Conner" (Pl. C-T Br. 6). A copy of this "standing Order" is appended hereto as Exhibit A. As reference thereto shows, such is no more than a mimeographed instruction sheet that explicitly provides for the pre-trial submission of exhibits to *opposing counsel*—and not to the trial judge. Plaintiffs' actions were thus not in "compliance with" such "standing Order" as they now assert (Pl. C-T Br. 6) but were in direct contravention of the very terms thereof.

While the foregoing in no way explains why the Court felt it incumbent to preconsider such submitted material, it certainly shows that the Court was in full possession of plaintiffs' case as outlined in its Proposed Findings and Conclusions and supporting Exhibit documentation, *all without notice to defendant*, in sufficient time to permit an *ex parte* review thereof and resolution of the infringement issue, before the startling statements were made to defendant's counsel at the "settlement" discussion held immediately prior to trial. (cf. Def. Br. 5). Also confirmatory of the Court's predisposition is the fact that although the Court examined plaintiffs' exhibits, it positively and affirmatively refused to permit a noted patent authority to testify for defendant on the issue of claim scope, claim infringement, and the doctrine of equivalents (Def. Br. 5). Moreover, when one considers that the Findings and Conclusions incorporated in the Court's opinion were, for all practical purposes, verbatim copies of plaintiffs' Proposed Findings and Conclusions, the parodic character of the proceedings below and the basic denial of due process, becomes even more apparent.

Of even more serious import and equally more revealing, are the plaintiffs' erroneous assertions concerning the "Partial Judgment By Consent" (Pl. C-T Br. 5-6) made to imply that James (and Hattie Carnegie) had, in some way, waived their jurisdictional objections prior to trial. *This document was never signed or agreed to by the patentee-patent owner James, was never signed or agreed to by non-exclusive licensee Hattie Carnegie and apparently was never filed or entered by the Court* (See A, Vol. I 1a, 2a). It was not and is not a part of the record in this action. The only record reference thereto is in Finding 8 of the Court's opinion, which finding was prepared and submitted by plaintiffs to the Court prior to the trial. Such action and their current statements with respect thereto are not only indicative of plaintiffs' overreaching tactics, but are also cogently demonstrative of the uncritical acceptance of plaintiffs' averments by the Court below in its unseemly haste to render judgment herein.

Plaintiffs' securing of an outside opinion as to non-infringement (Pl. C-T Br. 10) and their self-serving advance thereof as apparently indicative of purity of intention is disingenuous. The ring structure submitted to an outside firm of attorneys, as exemplified by the sketch associated with Px 10 (A, Vol. II, p. 83), and upon which the "opinion" (which is the equivalent of expert testimony) was based, admittedly differs markedly in construction from the ring structures actually sold by plaintiffs here in issue, in a critical aspect fundamental to the infringement issue.²

² This is a further indication of the peculiar proceedings below because the Court accepted this "opinion" for the plaintiff based on a *fallacious foundation* but refused to hear defendant's live expert witness who was prepared to testify on a proper foundation and be cross examined.

Plaintiffs' witness Kroin first asserted that the Px 10 sketch was a "fair representation" of the Tancer ring. When pressed, he was forced to admit that the Px 10 drawing was inaccurate (A, Vol. I, 68a):

Q. "Where is the space?"

A. "There is no space."

Q. "There is no space, so that is not the way your ring is actually made, is it?"

A. "That is correct—yes."

Apart from questions of motivation in seeking a legal opinion on a self-serving—but non-existing—ring construction, the opinion in question is of no probative value on the question of the infringing character of the Tancer-Capri rings herein involved.

Despite the fact that the Court below expressly did not pass on the claim of unfair competition and has expressly retained jurisdiction for a later determination of this issue, a considerable portion of plaintiffs' "factual" restatement is replete with allegations of purported "facts" as to Hattie Carnegie's unfair acts and their effect on the trade. The sole basis for such facts is found either in plaintiffs' *own complaint* or in the testimony of plaintiff Tancer which was advanced under conditions that precluded any effective pre-trial discovery with respect to the truthful or accurate nature thereof (cf. Pl. C-T Br. 2-4, 10-12). Under the expedited procedure dictated by the Court below, the right to discovery, effective cross examination and the opportunity to introduce countervailing testimony was so diluted as to be illusory at best.

In any event this record provides no evidentiary basis whatever for any such charges against defendant. Stripped of plaintiffs' innuendo and implication, the con-

duct of defendant was in no way unfairly competitive or even unusual and reduced to the following:

- a) The publication of the ad in Women's Wear Daily by Hattie Carnegie on September 19, 1975;
- b) The rendering of formal written notice of infringement to Gimbels on September 29, 1975;
- c) The filing of suit against Gimbels by the patentee James (joined by Hattie Carnegie as a licensee) on October 2, 1975 in the District Court for the Southern District of New York.

Such is not an abnormal procedure in seeking relief for patent infringement under the statute nor does it evidence any intention of a patent owner to make threats from a position of jurisdictional immunity.

The Gimbels suit brought by patentee James and defendant Carnegie was assigned to Judge Pollack and was pending to plaintiffs' admitted knowledge both at the time they indemnified Macys (a very usual practice) and at the later time when they commenced this action (cf. Pl. C-T Br. 10-11) as well as when the Court below took control of this matter.

A further example of the overreaching nature of plaintiffs' "factual" restatement is demonstrated by their assertion that (Pl. C-T Br. 2) "Hattie Carnegie *charged leading retailers throughout the United States*, including Gimbel Brothers Inc., with infringement of the patent—and that, after examining the submitted ring specimens pursuant to the Court's Order, it was *maintaining* its charge of infringement against—" the Capri-Tancer rings (Pl. C-T Br. 5). There is not a scintilla of evidence that anyone

other than Gimbels was specifically charged with infringement or that Hattie Carnegie was possessed of any knowledge of the nature or construction of plaintiffs' rings prior to the Court directed submission and examination thereof. The fact is that Carnegie could not *maintain* a charge that it *never made*.

In view of the asserted identity of one of the rings involved in this proceeding with that involved in the Gimbels case, (cf. Pl. C-T, Br. 11) and Tancer's asserted indemnification of Macys, (Pl. C-T Br. 10), one can only wonder why plaintiffs did not elect to intervene in the pending Gimbels suit; why the Court below chose to even accept these proceedings; why it expedited them to the extent of setting the hearing for immediate discovery at 2:00 P.M. on October 9 even before service of the complaint had been made upon Hattie Carnegie; to say nothing of why it suggested the nature and sequence of the continued expedited proceedings that led to a final decision on the merits even before defendant's time to answer had expired.

Defendant's further comments as to plaintiffs' "factual" restatement will be incorporated at appropriate points in the ensuing reply to plaintiffs' arguments.

ARGUMENT

A. The District Court Lacked Jurisdiction to Decide the Infringement Issue.

Plaintiffs' preoccupation with and emphasis upon Hattie Carnegie's asserted unfair competition and inequitable conduct is directed toward providing a semblance of argumentative support for their strained assertion of an estoppel running against Hattie Carnegie's right to contest the Court's lack of jurisdiction to decide the infringement issue.

Plaintiffs' contention is founded upon a misapplication of this Court's 1944 decision in *A. L. Smith Iron Co. v. Dickson*, 141 F. 2d 3 (1944), a case which has singularly not been followed either in this Circuit or elsewhere and is *res integra*. However, no matter how the "facts" are manipulated, there exists no basis in law or in fact, for sanctioning the taking of the patentee James' property in a summary proceeding in which he has not even been served with process.

The *Dickson* case, although never expressly overruled, has been repeatedly distinguished and effectively limited to its particular facts. The decision in *Dickson*, where this Court permitted the action to go forward in the absence of the patentee, *was entirely prospective in nature, since no decision had been rendered by the District Court with respect to the infringement and validity issues*. It specifically involved:

- a) a domestic licensee of a foreign patentee;
- b) a licensee specifically empowered by the patent owner not to permit the patent owner's interests to be prejudiced; clothed with indicia of control and ownership; and acting as the patentee's agent in enforcing the patent;
- c) repeated threats, in writing, made by the domestic licensee directly against the declaratory judgment plaintiff for alleged acts of infringement of a type that clearly constituted patent misuse coupled with assertions of authorization to act on behalf of the patent owner; and
- d) the total inability of the accused infringer to secure jurisdiction over the foreign patent owner either in the 2nd Circuit or elsewhere in the United States.

None of these factual requisites are here present. Here, judgment on the merits has been rendered in the patentee's absence and, under the circumstances, no opportunity exists for him to now come in and defend his interests.³ The patentee James has in no way endowed Carnegie with any indicia of ownership. Carnegie is and was a non-exclusive licensee. Even accepting plaintiffs' factual viewpoint herein a) no direct threats of infringement have ever been made against Tancer or Capri and b) an action was promptly brought in the Southern District by the patent owner James against the only party (Gimbels) to whom written notice of infringement was given. No patent misuse situation is here involved. James was and still is continuously amenable to process in his home state of California, and even more importantly, was a party to a suit pending (Gimbels) in this District at the very time this action was instituted. The Gimbels suit involved the same issues of invalidity and infringement as are present herein and which said issues were entirely prospective in nature. Clearly plaintiffs could have and, indeed, should have, intervened.

The Courts in this Circuit and elsewhere, contrary to the impression which plaintiffs seek to create, have never extended the *Dickson* case beyond the specific factual situation found therein. Despite plaintiffs' assertions, the "rationale" of the *Dickson* case has not been extended by this

³ Under the "Blonder Tongue" doctrine (*Blonder Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313 (1971)), patent validity is an issue decided *in rem*. Consequently, since the issue of scope of claim *narrowly* construed as a matter of law by the Court below, bears directly upon the issue of patent validity, it in essence was decided *in rem*. Thus, the District Court's decision is prejudicial *per se*, since patentee James may, under *Blonder Tongue*, be collaterally estopped from asserting a *broad* claim scope in future actions involving the validity of his patent. Further, there is an obvious prejudice to James emanating from the District Court's decision, based simply upon the negative *stare decisis* effect thereof.

Court in the *Helene Curtis* case (199 F. 2d 732). In *Helene Curtis*, apparently by design so as to facilitate deliberate forum shopping, bare legal title was left by defendant therein with a commonly owned affiliate corporation, with the defendant retaining "the right at its own expense to conduct all Patent Office proceedings, to grant licenses, to bring and maintain suits at its own expense and to take the proceeds" (p. 733). The Court expressly noted that the reservation of bare "legal title" in the affiliate was for the purpose of immunizing the defendant from jurisdiction in the Second Circuit—(p. 733):

All the alleged infringers sued in Texas (Ed.—By defendant *and* its affiliate) have now been permitted to intervene here; and the federal court in Texas, after the grant of injunctions in the court below, has transferred the cases to this court, under the power given it by 28 U.S.C.A. § 1404(a). Finality of adjudication as to the patent, thus allowing the business to compose itself, can be secured in New York and cannot be secured in Texas.

But a single possible obstacle remains, one clearly fostered and sustained by defendant. It took out the patent in the name of its affiliate, The Procter & Gamble Company, which it has made a party to its Texas actions, but which cannot be reached by process here.

Under these circumstances, the Court pierced the corporate veil and expressly found that the defendant represented and controlled the affiliate.

This is a far cry from the situation here presented where both James and his non-exclusive licensee Hattie Carnegie are two separate, distinct and unconnected entities and where both had subjected themselves to the jurisdiction of this Court in the pending Gimbels suit.

Judge Lombard in *Technical Tape Corp. v. Minnesota Mining & Mfg. Co.*, 135 F. Supp. 505 (SDNY 1955), in granting defendant's motion to dismiss a patent declaratory judgment action where the defendant was an exclusive licensee, expressly distinguished the *Dickson* and *Helene Curtis* cases by commenting, (p. 508):

A patent owner has a property right which ought not to be adjudicated in his absence. This is a salutary principle which the courts have long recognized. *Watterman v. MacKenzie*, 1891, 138 U.S. 252, 11 S.Ct. 334, 34 L.Ed. 923. *It is only where the legal title is a naked one so that another is really the substantial owner and in complete control as in Helene Curtis Industries v. Sales Affiliates*, D.C. S.D.N.Y. 1952, 105 F. Supp. 886, affirmed 2 Cir. 1952, 199 F.2d 732, or where the owner is outside the country and can be reached through his licensee whom he has in effect made his agent for purposes of suit, *A.L. Smith Iron Co. v. Dickson*, 2 Cir., 1944, 141 F.2d 3 that exceptions have been permitted to this principle.

The essence of defendant Carnegie's position herein is aptly stated by the Court in *Alamo Refining Co. v. Shell Development Co.*, 99 F. Supp. 790 (D. Del. 1951), which stated, (p. 800):

Plaintiff relies heavily on *A.L. Smith Iron Co. v. Dickson*, * * * for the proposition that a plaintiff may maintain against an agent a declaratory judgment action to obtain an adjudication of the validity and infringement of patents whose owner is not before the court. The *Dickson* case is not in point. That case is *res integra* and does not support plaintiff's position here. There are, at least, five points of distinction. The case of Contracting Division, *A.C. Horn Corpora-*

tion v. New York Life Ins. Co., 2d Cir., 113 F.2d 864, has been recognized, both before and after the Dickson case, as *establishing the orthodox rule, applicable to cases not involving the peculiar fact background of the Dickson case*, that a non-exclusive licensee can neither maintain an infringement suit nor provoke an 'actual controversy' under the declaratory judgments statute.

In accord is *Caldwell Manufacturing Co. v. Unique Balance Co.*, 18 FRD 258 (SDNY, 1955) wherein the Court faced with an exclusive licensee and after an exhaustive review of the restrictive facts in the *Dickson* case expressly found that (p. 264):

Although it purports to grant exclusive rights, the agreement in the case at bar is circumscribed sufficiently to warrant a finding that the ultimate power of litigation is retained by the licensor-patentee . . . In the absence of an independent right to bring an action for patent infringement, defendant-licensee herein has no independent right to defend a suit seeking a declaration as to the validity of the licensed patent.

* * * * *

In the absence of the licensor-patentee as a party defendant in the Southern District action, this declaratory judgment proceeding must fail, since the "case or controversy" requirement is unsatisfied. Without the owner of the patent before this Court, the validity of the patent may not be adjudicated. Under such circumstances, the allegations of non-infringement and invalidity of the patent present moot issues because no substantial controversy exists pursuant to the mandate of the Declaratory Judgment Act.

As can be seen from the decisions above, the *Dickson* case, *supra* is *res integra* even within this Circuit⁴ and its coverage has been extended beyond the specific fact pattern found therein. The facts herein differ in every one of the critical particulars deemed necessary by this Court in *Dickson* to even prospectively go forward on the infringement issue in the absence of the patentee-patent owner.

1. *Rule 19(b) of the Federal Rules of Civil Procedure Does Not Usurp the Indispensable Party Doctrine.*

Plaintiffs, knowing full well the meritless nature of their primary position, further contend that the Court below properly assumed jurisdiction pursuant to Rule 19(b) of the FRCP. Aside from the fact that the District Court specifically found that James had not been served herein (A. Vol 1, 220) and made no mention of Rule 19(b) in its decision plaintiffs seek a misapplication of Rule 19(b) to void James' substantive rights.

Plaintiffs state that they will be at the "mercy" of James if the lower court decision is reversed, since the "indispensable" party is residing in California and defendant Carnegie is in New York. This however, is a false argument based upon the dubious premise that Hattie Carnegie and James must be joined in the same action to afford plaintiffs justice. There would be no great prejudice to plaintiffs should they sue the patentee James in California, since:

- a) The Court below, as recognized by plaintiffs (Pls' Br. 28), has retained jurisdiction over defendant Hattie Carnegie with respect to the remaining

⁴ The applicable law in this Circuit was set forth by this Court in *Contracting Division, A. C. Horn Corp. v. New York Life Ins. Co.*, 113 F. 2d 864 (1940) and in *Sweetwater Rug Corp. v. A & C Bedspread Co., Inc.*, 198 F. Supp. 941 (SD N.Y. 1961), *aff'd per curiam*, 299 F. 2d 573 (2d Cir. 1962) (D's Br. 8 & 9) as cited and relied upon by defendant herein.

counts in the Complaint. As admitted by plaintiffs, "these charges are directed only against Hattie Carnegie and do not require the presence of the patentee James". Hence James need not be joined in New York to protect plaintiffs from any alleged unfair acts of Carnegie.

- b) Hattie Carnegie as a non-exclusive licensee is neither an indispensable nor even a necessary party to an infringement action between plaintiffs and James and thus plaintiffs do not have to join Hattie Carnegie in any California action.

As to any balance of equities, it is difficult to see how one can justify the action of summarily depriving James of his valuable property rights in his absence. As we have pointed out earlier (*supra*, p. 9 fn. 3), the *in rer* nature of patent decisions under the *Blonder-Tongue* doctrine renders the decision below highly prejudicial to the patentee James in any future litigation he may engage in and *particularly on the issue of claim scope* to say nothing of the obvious *stare decisis* effect on future infringement actions. The action taken is now a *fait accompli* and, unless corrected by this Court, can never be amended or alleviated. (See *Kaiser Industries Corp. v. Jones & Laughlin Steel Corp.*, 515 F. 2d 964, 984, 985 (3rd Cir. 1975)). Such a result, when viewed in light of the pendency of the Gimbels suit at the time this action was initiated and James' continued accessibility to process in his resident State of California, makes any equitable balance strongly favor James, rather than the plaintiffs herein.

Rule 19, at best, requires a considered evaluation of the parameters attendant to the indispensability in the particular factual context presented. The indispensability of a patent owner, in actions involving infringement or validity,

is, a matter of law evidenced by the authorities cited in Defendant's Brief, pp. 7-9 and in the preceding section herein, entirely clear and well established.⁶

**B. The Holding of Non Infringement Is
Erroneous (Pl. C-T Br. 12-17, 29-36).**

**1. *Absent Issues of Contested Fact, the
Clearly Erroneous Rule Is Not Applicable.***

Plaintiffs' initial diversion is to try to convert the issue into one of contested fact (Pl. C-T Br. 12-17, 29-30) by dwelling at length on the Findings below concerning the Court's "reading" of claim 1 on the Figures 2 and 3 embodiments of the James patent. This is not in dispute—claim 1 certainly reads upon the embodiments of Figures 2 and 3.

The error of the Court below lies squarely in its limitation of the scope of claim 1 to the preform type of construction disclosed in Figures 2 and 3 of the patent and its failure to consider the full disclosure of the specification. Such erroneous determination of claim scope was, in the situation here presented of assumed validity and where only Patent Office cited prior art was before the Court, a pure question of law. The Court's denial of the applicability of the doctrine of equivalents because of estoppel likewise poses a pure question of law.

Whether the Capri-Tancer rings would fall within the scope of a properly construed claim 1 either literally or as a full equivalent thereof would raise issues of possible contested fact. But such latter type issues were never reached in this case. In fact, defendant was denied the

⁶ See also, *American Optical Co. v. Curtiss*, 59 FRD 644, 647-51 (SDNY 1973) and *Channel Master Corp. v. JFD Electronics Corp.*, 260 F. Supp. 568, 571-73 (EDNY 1966).

opportunity to introduce its expert's testimony as to the scope of claim 1 and the literal coincidence thereof (as properly construed) or full equivalence thereof with the construction of plaintiffs' rings (A, Vol I, 43a, 44a).

Thus, contrary to plaintiffs' assertion, at p. 29 of its brief as to the applicability of the clearly erroneous rule, there was no contested factual issue presented in this case. Nor could such factual issue be raised in light of the Court's action in refusing to hear defendant's expert. On this point alone, this case is basically different from the *Artvale* (363 F. 2d 1002 (2d Cir. 1966)) and *Triax* (479 F. 2d 951 (2d Cir. 1973) *cert. denied*, 414 U.S. 1113 (1973)) cases cited by the plaintiffs (cf. Pl. C-T Br. 29). In both of these cases, factual issues were raised and contested by the parties through proofs offered by the testimony of expert and other witnesses.

In *Ziegler v. Phillips Petroleum*, 483 F. 2d 858 (5th Cir. 1973), 17 FR Serv. 2d 384, *cert. denied* 94 S. Ct. 597, an action for patent infringement, the Court of Appeals for the Fifth Circuit, after noting that the "clearly erroneous" doctrine of Rule 52(a) of the Federal Rules of Civil Procedure was applicable to the District Court's findings of fact on the infringement question, stated (p. 867):

But infringement ceases to become a pure question of fact, and therefore the force of Rule 52(a) diminishes, when the question of infringement requires the District Court first to construe the patent. The construction of a patent is a matter of law, *Coupe v. Royer*, supra; *Cold Metal Process Co. v. E. W. Bliss Co.*, 285 F. 2d 231 (6th Cir. 1960), *cert. denied*, 366 U.S. 911, 181 S. Ct. 1085, 6 L. Ed. 2d 235 (1961); 4 Walker on Patents §230 (Deller's ed. 1964), and appellate courts are not bound by the strictures of Rule 52(a) when the District Court erred in construing the

patent in question. Harrington Mfg. Co. Inc. v. White, 475 F. 2d 735 (5th Cir. 1973).

In accord is the recent case of *Acme Highway Products Corp. v. D. S. Brown Co.*, 473 F. 2d 849 (6th Cir. 1973), *cert. denied*, 414 U.S. 824 (1973), wherein the Sixth Circuit commented on the application of the clearly erroneous rule, to wit, (p. 854):

While the Supreme Court has stated that a finding of equivalence is a determination of facts * * * *where mixed questions of law and fact are presented and there is error as to the law, we may reverse the District Court free of the clearly erroneous rule.*

The decision by the Court below was based upon its own construction of the patent and interpretation of the file history. There was no testimony heard by the District Court which bore on these documents. In fact, as previously stated, the District Court refused to hear such testimony. The purpose of Rule 52(a) is to recognize the superior opportunity of the trial court to judge the credibility of witnesses. In the case at hand, the credibility of witnesses is not an issue nor is there any dispute over the relevant facts pertaining to infringement derived from the testimony of any witnesses. This Court is in as good, if not better, position to construe the patent and its file history as was the Trial Court. The application of Rule 52(a) on the infringement issue under these circumstances would itself be clearly erroneous.

2. Claim 1 is Infringed.

On the merits of the infringement issue (Pl. C-T Br. 31-35), plaintiffs' brief never addresses itself to the relevant disclosure material from the James patent specifications, quoted and discussed in defendant's brief (cf. Def. Br. 10-

17). In avoidance thereof, plaintiffs continue their diversionary approach by first charging a "blatant misstatement" of the Court's Finding (Pl. C-T Br. 31, ftn 1). This is no more than a play on words, however, since Figures 2 and 3 are of identical construction insofar as the *perform* configuration is concerned. As to the next ploy of "citing of cases out of context" (ftn 2), we see no difference in the law cited and quoted by plaintiffs over that advanced in defendant-appellant's brief. Both require broad and liberal interpretation with claim scope determined by the disclosure of the specification.

Of particular significance is plaintiffs' next remarkable assertion that the "introductory portion of the specification . . . (has) . . . nothing to do with the scope of the claims as issued" (ftn 3). This is indeed a novel proposition and particularizes the error below. It is axiomatic that the entire specification is available for and must be considered in any proper determination of claim scope. The Court's error below lies squarely in its total failure to consider portions of the specification other than those referenced in plaintiffs' Proposed Findings. As is apparent, the Court did not consider either the introductory portions of the specification or the Figure 4 disclosure in construing the scope of claim 1.

Plaintiffs' remaining contentions (ftns 4-6) only beg the question since, as we have pointed out (Def. Br. 19-24), patent claim 1 *was not limited, changed or amended in any substantive way* during the Patent Office prosecution.

Likewise, reference to this Court's action in *Hazeltine Corp. v. Emerson Television-Radio Inc.*, 129 F. 2d 580 (2d Cir. 1942) is purely diversionary, since resolution of the scope of any particular claim can only be resolved by consideration of the particular specification involved and the language employed therein by the patentee.

3. Doctrine of Equivalents.

As to the applicability of the doctrine of equivalents in the instant situation, plaintiffs again never controvert the controlling fact that application claim 6 issued as patent claim 1 without any amendment, change, or limitation of substantive character during prosecution or that it was the subject of any limiting admissions or assertions by the applicant. Plaintiffs' argument (Pl. C-T Br. 35-6) again only begs the question since the Patent Office proceedings relative to application claim 1 are immaterial. That broad claim was rejected in the Hodson patent and such breadth of coverage was abandoned. Application claim 1 is not the claim here in issue.

Plaintiffs do, however, go far beyond the bounds of propriety by appending the statement:

"which narrowing amendment was made by applicant to overcome the final rejection"

to the quotation of the Court's finding 23(e) (i) at the bottom of page 35 of their brief. This gratuitous addendum was not found by the Court below and, as reference to the file wrapper will show, the statement is just not true. As was stated in defendant's brief pages 22 and 23. Claim 6 was not limited, changed or amended in any substantive way during the Patent Office prosecution.

C. Denial of Due Process (Pl. C-T Br. 27-28, 36-42).

Plaintiffs have chosen to completely disregard the series of events that delineated the course of judicial conduct upon which the assertion of denial of due process is based, and only focus on the statements made by the Court to defendant's counsel immediately prior to the commencement of the trial.

On such point, the decision to include reference to the lower Courts pre-trial comments was reached by counsel only after considerable soul searching. It was included because it was felt that obligations to a client override the obvious countervailing considerations. Such event, as well as the entire proceeding below was, at least to counsel's experience, unique and one to which FRCP 10(c) is neither directed nor seems to apply.

The statement in question, however, was but one indicia of a chain of events that culminated in a rendering of decision before Answer and which was both unusual and disturbing. We have previously commented upon the impropriety of the pre-trial submission of the patent and its file wrapper to the Court (*supra*). Such submission does at least explain and confirm in part the basis for the statements in question (cf. Def.'s Br. 5). The denial of due process, however, was the net result of the cumulative actions below that commenced with the Court's pre-emptive participation by directing an immediate trial in lieu of plaintiffs desired remedy of summary judgment, continued through the Court's subsequent direction and control of the proceedings to the ultimate end of receiving defendant Hattie Carnegie's brief—which was the first real opportunity to delineate defendant's position on the merits—at 9:00 A.M. on the morning of the promised day for the rendering of the decision—and all before Hattie Carnegie's 20 days to answer had expired.

The footnote at the end of plaintiffs' brief (pp. 40-1) is revealing both as to motive and attempted exculpation as to what transpired below—and particularly so in light of the now demonstrated impropriety of plaintiffs' pre-trial submissions:

“Scrutiny of the alleged off-the-record statements (even if credited as complete and accurate) demon-

strates that there was absolutely no impropriety by or demonstrable prejudice on the part of the District Court. Plaintiffs' compliance with Judge Conner's standing Order (Section II B), placed before him several days before the limited trial all documents and exhibits necessary for him to have preliminarily concluded that the charge of infringement was without merit—even prior to taking defendant's trial testimony. . . . Considering the unique background of this particular District Judge, it is not surprising that he had done his homework in advance of trial; and, considering the Judges are human (a fact acknowledged by defendant Hattie Carnegie at p 24), it is also not surprising that Judge Conner might have had some reaction to defendant Hattie Carnegie's unfair trade campaign and species [sic] charge of infringement and took the opportunity to warn defendant Hattie Carnegie's counsel of the potential consequences of its client's actions."

In light of the foregoing, we need only to repeat our previous comments as to our beliefs as to how our judicial system is intended to function—We live under a Government of laws, not men. Our judicial system was founded and operates under the precept of an adversary system with the Court serving as an impartial non-participant who, after the parties have had a full opportunity to marshal and present the facts, resolves the issues on the basis of the facts and contentions of the parties before him. Such clearly did not take place here.

No matter how well-intentioned were the actions of the Court below, the course of action pursued below deprived defendant adequate opportunity to prepare and present its case free of judicial participation and preconception and denied defendant elemental due process of law.

CONCLUSION

As is now apparent, the net effect of the proceedings below was the rendering of a summary judgment under conditions that circumvent (viz, the guise of mini-trial) the disabilities that have been repeatedly recognized by this Court as rendering summary judgment inappropriate in patent cases. It is now also apparent that the proceedings below deprived defendant of adequate opportunity to present its case free from judicial preconception and under conditions that made a mockery of both trial preparation and the trial itself. In so doing, the Court below, in addition to erring on the merits and wrongfully assuming jurisdiction, denied defendant elemental due process of law.

Respectfully submitted,

NIMS, HOWES, COLLISON & ISNER
Attorneys for Defendant-Appellant
60 East 42nd Street
New York, N.Y. 10017

WILLIAM C. CONNER
U.S. DISTRICT JUDGE

PREPARATION OF CASES FOR TRIAL

1. At least one week before trial counsel for each of the parties should deliver to Room 505, Unit #3, for filing, with proof of service on opposing counsel where appropriate:
 - a. A statement of agreed facts. Counsel should attempt to resolve all differences involving only choice of language and to separate out all portions not in dispute in order to minimize the area of disagreement.
 - b. In jury cases, proposed charges with supporting legal citations.
 - c. In non-jury cases, proposed findings of fact and conclusions of law with supporting citations.
 - d. In non-jury cases, a brief summary of the salient portions of each deposition to be offered in evidence. Counter-summaries of opposing counsel may be filed at any time up to the end of trial or the time of filing post-trial briefs, if any. The summaries and counter-summaries will supplant the reading of depositions at the trial.
2. Prior to the trial, all exhibits should be pre-marked, in the order in which they are expected to be used (using numerals for plaintiffs' exhibits and letters for defendants' exhibits). A complete set of the documentary exhibits should be furnished to counsel for each opposing party who will be represented at the trial.
3. At the beginning of the trial, a complete extra set of documentary exhibits should be handed to the Judge for his use during the trial, and a list of all exhibits should be supplied to the courtroom deputy Clerk and to the Judge.

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

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CAPRI JEWELRY INCORPORATED and	:	
TANCER & TWO, INC.,	:	
Plaintiffs-Appellees,	:	DOCKET NO. 75-7604
v.	:	
HATTIE CARNEGIE JEWELRY ENTERPRISES, LTD.,	:	AFFIDAVIT OF SERVICE
Defendant-Appellant,	:	
and	:	
BILL G. JAMES,	:	
Defendant.	:	

- - - - - x

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

James Montalto, being duly sworn, deposes and says:

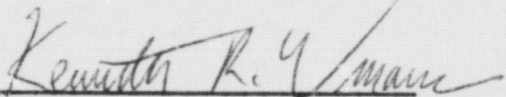
1. That he is not a party to the action, is over 18 years of age, and resides at 35-33 83rd Street, Jackson Heights, New York.

2. That on March 4, 1976, deponent served the attached Brief upon Amster & Rothstein, attorneys for plaintiffs-appellees in this action, at 50 East 42nd Street, New York, New York, by hand delivering two true copies of said Brief to an associate, Anthony LoCicero, of plaintiffs-appellees' attorneys Amster & Rothstein.



Sworn to before me this

4th day of March, 1976.



Notary Public

KENNETH R. UMANS

Notary Public, State of New York

No. 31-4053204

Qualified in New York County

Commission Expires March 30, 1977